

Date: September 4, 2012

To: Thomas J. Bonfield, City Manager
Through: Wanda S. Page, Deputy City Manager
From: Joel V. Reitzer, Director, General Services Department
Amy C. Sears, Real Estate Officer
Subject: Tower Lease and License Agreement with SprintCom, Inc. to attach Cellular Antenna to the City's Camden Avenue Communications Tower at 1833 Camden Avenue, Durham, NC (Parcel #159788)

Executive Summary

SprintCom, Inc. (Sprint) proposes to enter into a Lease and License Agreement for their antenna to remain on the City-owned communications tower located at 1833 Camden Avenue.

The term of the proposed Lease is ten (10) years beginning October 2, 2012. The rent will begin in Year One at \$35,500.00 and will increase 3% annually for the remainder of the term. (See Financial Impact).

General Services Department staff has negotiated a rental fee of \$35,500.00 annually which corresponds to the rental fee the City is receiving from its other cellular tower leases. The City's rental terms are consistent with those of other municipalities relative to cell tower leases.

Recommendation

The General Services Department recommends that City Council authorize the City Manager to execute a Lease and License Agreement with SprintCom, Inc. to attach antenna to the City-owned Communications Tower located at 1833 Camden Avenue.

Background

The General Services Department endeavors to generate the highest possible income for the City by leasing space on City-owned structures for cellular antennas and by executing land leases for the installation of cellular towers. Currently, there are cellular antennas at the City's East Pettigrew Street and Ellis Road water tanks, on towers at the South Durham Water Reclamation Facility and the former New Hope Treatment Plant Sites, and on the City's communication towers at Huckleberry Reservoir (Cole Mill Road) and Camden Avenue.

Cellular leases currently provide additional revenue to the City in the approximate amount of \$399,000.00.

Issues/Analysis

The City has a very strong zoning ordinance for cellular towers and placement of cellular antennas on existing structures. The ordinance requires that providers of cellular service make a diligent effort to locate their facilities on existing structures as a method of minimizing the aesthetic impact of related infrastructure while generating revenue for the City. The terms and conditions of the leases with the City require that the lessee meet or exceed the requirements of the zoning ordinance. Cellular leases generate income to the City.

Alternatives

The City Council could decide not to approve the proposed lease and license agreement with Sprint. This alternative is not recommended because 1) if the City does not permit Sprint to locate at this location, the City will lose revenue of \$406,967.69 over a ten year period, and 2) Since there is a high probability that Sprint would build a tower elsewhere on privately-owned property or attach to a non City-owned structure in the area, the aim of the Unified Development Ordinance (UDO) would not be met in that the UDO encourages the use of public lands and structures as locations for wireless telecommunications infrastructure.

Financial Impact

Revenue to the City from the proposed Lease and License Agreement with SprintCom, Inc. is as follows:

Year 1:	\$35,500.00
Year 2:	\$36,565.00
Year 3:	\$37,661.95
Year 4:	\$38,791.81
Year 5:	\$39,955.56
Year 6:	\$41,154.23
Year 7:	\$42,388.85
Year 8:	\$43,660.52
Year 9:	\$44,970.33
Year 10:	\$46,319.44
Total:	\$406,967.69

SprintCom, Inc. is responsible for the costs of all improvements to the site and any and all personal property taxes relative to the improvements located on the site.

All revenue will be deposited into the General Fund Revenue Account for Water and Sewer Operations, Air Lease Towers.

SDBE Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments: Lease and License Agreement, Location Map